



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 19, 1999

### **H.R. 992**

### **Sly Park Unit Conveyance Act**

*As ordered reported by the House Committee on Resources on March 11, 1999*

#### **SUMMARY**

H.R. 992 would direct the Secretary of the Interior, acting through the Bureau of Reclamation, to convey the Sly Park Unit of the Central Valley Project in California to the El Dorado Irrigation District. The following conditions would apply to the transfer:

- The Secretary would be directed to complete the conveyance within 180 days of enactment if project operations are not expected to change following the conveyance and within two years if they are. The federal government and the district would split the cost of the conveyance if it occurs by the relevant deadline; otherwise, the federal government would bear the full cost.
- The transfer would be contingent upon the district paying the net present value of a portion of its outstanding financial obligations to the bureau. The federal government would hold a reversionary interest in the Sly Park Unit if the remaining obligations are not repaid.

CBO estimates that implementing H.R. 992 would cost less than \$50,000 in appropriated funds over the 2000-2004 period. CBO also estimates that enacting H.R. 992 would yield a net decrease in direct spending of \$2.1 million in 2000, but that this near-term cash savings would be offset on a present-value basis by the loss of receipts over the 2000-2022 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

H.R. 992 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Local governments might incur some costs as a result of the bill's enactment, but these costs would be voluntary.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 992 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

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	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
<b>CHANGES IN DIRECT SPENDING <sup>a</sup></b>						
Estimated Budget Authority	0	-2	b	b	b	b
Estimated Outlays	0	-2	b	b	b	b

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a. Implementing the bill also would require new spending subject to appropriation of less than \$50,000 in 2000.

b. Less than \$500,000.

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## BASIS OF ESTIMATE

For the purpose of this estimate, CBO assumes that H.R. 992 will be enacted by the end of fiscal year 1999 and that the estimated amounts necessary to implement the bill (less than \$50,000) will be appropriated in fiscal year 2000.

### Direct Spending

H.R. 992 would direct the El Dorado Irrigation District to pay the net present value of its outstanding obligations to the United States for its existing share of water storage at the Central Valley Project. CBO estimates that such payments would total \$2.3 million in 2000. Those receipts would be offset by the loss of currently scheduled repayments of about \$200,000 a year over the 2000-2022 period.

H.R. 992 would not require the district to prepay its outstanding obligations for water delivery facilities. However, the bill would provide for returning ownership of the Sly Park Unit if the district fails to repay these amounts. Based on information provided by the bureau, CBO estimates that approximately \$16 million in debt would remain outstanding after the transfer. All amounts are scheduled to be repaid (under current law), mostly without interest, by 2019. CBO does not estimate any significant change in the likely stream of payments to the United States if this bill is enacted.

## Spending Subject to Appropriation

Based on information provided by the bureau, CBO anticipates that the transfer would occur within 180 days of enactment and that the bureau and the district would split the cost of conveying the facilities. CBO estimates that completing the conveyance would require new spending subject to appropriation of less than \$50,000 in fiscal year 2000. This amount would be used for preparing transfer documents and conducting environmental reviews.

## PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

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	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	-2	0	0	0	0	0	0	0	0	0
Changes in receipts											

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## ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 992 contains no intergovernmental mandates as defined in UMRA. The conveyance authorized by this bill would be voluntary on the part of the district, and any costs incurred by it as a result of the conveyance would be accepted on that basis. Before the unit could be conveyed, the bill would require the district to pay the present value of certain outstanding obligations to the United States and to pay half the cost of the conveyance. CBO estimates that the prepayment would be about \$2.3 million in fiscal year 2000 and that the district's share of the conveyance cost would be less than \$50,000.

## ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

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